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UNCLAS SECTION 01 OF 02 ROME 000642

SIPDIS

STATE FOR EB/ESP  
USDOC FOR U/S LARSON AND U/S ALDONAS  
INFO 3133/USCS/OIO/ESLETTEN/PBUCHER  
4220/ITA/EUR/SED/DDEFALCO

E.O. 12958: N/A

TAGS: [BEXP](#) [ECON](#) [EFIN](#) [ETRD](#) [AMGT](#) [ECON](#) [EFIN](#) [ETRD](#) [AMGT](#) [IT](#) [IT](#) [BEXP](#)  
SUBJECT: JOINT STATE/COMMERCE REQUEST: INVESTIGATION OF POTENTIAL  
TRADE PROMOTION AND FINANCE BEST PRACTICES

REF: SECSTATE 210982

FOLLOWING ARE U.S. MISSION TO ITALY RESPONSES TO QUESTIONS POSED IN  
REFTEL PARAGRAPH 12 ("ITALY").

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A) THE ISTITUTO NAZIONALE PER IL COMMERCIO ESTERO, OR ICE (ITALIAN  
TRADE COMMISSION) WEBSITE PERMITS ONLINE USERS TO REGISTER AT NO COST  
FOR THEIR NEW EXPORT CLUB SERVICE. ONCE REGISTERED, MEMBERS ARE ABLE  
TO CONSULT, ONLINE GRATIS, PRELIMINARY INFORMATION ON TRADE LEADS,  
INTERNATIONAL TENDERS, INTERNATIONAL FINANCING OPPORTUNITIES, AND  
OTHER SUBJECTS OF INTEREST, BUT MUST PAY 1.5 EUROS OR 3 CREDITS OFF  
THEIR SERVICE CARDS (DISCUSSED IN PART D) TO VIEW COMPLETE CONTACT  
INFORMATION. INFORMATION ON THE SITE IS UPDATED CONSTANTLY AS NEW  
LEADS ARRIVE. MEMBERS MAY ALSO REQUEST REGULAR NOTIFICATION OF  
TENDERS, INTERNATIONAL FINANCING, AND PREVIEWS OF MAJOR PROJECTS IN  
SPECIFIC AREAS OF THE WORLD, IN PARTICULAR, INDUSTRY SECTORS TO BE  
SENT TO THEIR E-MAIL ADDRESS AS THEY BECOME KNOWN OR AS AN ANNUAL  
SUBSCRIPTION. THE FEE SCHEDULE IS AS FOLLOWS: UP TO 10  
COUNTRIES/INDUSTRY SECTORS, 50 EUROS (USD 45); FROM 10 TO 30  
COUNTRIES/INDUSTRY SECTORS, 100 EUROS (USD 90); AND OVER 30  
COMPANIES/INDUSTRY

SECTORS, 155 EUROS (USD 138). IT SHOULD BE NOTED THAT ICE'S FOCUS IS  
ON SMALL- AND MEDIUM-SIZED ENTERPRISES (SMES). THUS, IT MAY DEAL WIT  
MAJOR PROJECTS ONLY AS THEY RELATE TO SUBCONTRACTING.

PRIOR TO OCTOBER 2001, COMPLETE INFORMATION WAS AVAILABLE TO ANYONE  
WHO CONSULTED THE WEBSITE. BECAUSE THE SERVICE IS NOW ORGANIZED IN A  
DIFFERENT MANNER, IT IS NOT YET CLEAR HOW SUCCESSFUL THE INITIATIVE  
IS. ICE IS ABLE TO TRACK THE NUMBER OF VISITS TO THE SITE, HOWEVER,  
AS WELL AS THE NUMBER OF COMPANIES THAT REGISTER FOR EACH LEAD OR  
TENDER. RESULTS WILL PROBABLY BE MADE PUBLIC IN THE FUTURE.

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B) THE SOCIETA ITALIANA PER LE IMPRESE ALL'ESTERO, OR SIMEST (ITALIAN  
SOCIETY FOR OVERSEAS FIRMS), A SEPARATE ENTITY FROM ICE, IS THE  
ITALIAN FINANCIAL INSTITUTION FOR THE DEVELOPMENT AND PROMOTION OF  
ITALIAN BUSINESS ABROAD, IS A LIMITED LIABILITY COMPANY CONTROLLED BY  
THE MINISTRY FOR FOREIGN TRADE. ITS SHAREHOLDERS INCLUDE BANKS,  
BUSINESSES AND TRADE ASSOCIATIONS.

UNDER A MARKET PENETRATION PROGRAM, SIMEST ASSISTS ITALIAN COMPANIES  
IN ESTABLISHING A PERMANENT PRESENCE AND PROMOTES MARKETING ACTIVITIE  
IN NON-EU MARKETS. FINANCING IS AVAILABLE FOR PERMANENT FACILITIES  
SUCH AS REPRESENTATIVE OFFICES, SALES OUTLETS AND NETWORKS, CUSTOMER  
ASSISTANCE CENTERS, WAREHOUSES, DEPOSITS, AND SHOWROOMS. PROGRAMS FO  
THE STRENGTHENING OF EXISTING STRUCTURES ARE ALSO ELIGIBLE. PROJECT  
MUST BE IMPLEMENTED WITHIN TWO YEARS.

TYPES OF EXPENSES THAT MAY BE COVERED INCLUDE SETTING UP AND  
MAINTAINING REPRESENTATIVE OFFICES, CONDUCTING MARKET RESEARCH,  
PROMOTIONS, ADVERTISING AND DEMONSTRATIONS, AND CUSTOMER SERVICE  
ACTIVITIES. IN CASES WHERE FINANCING IS REQUESTED TO IMPROVE OR  
ENLARGE EXISTING FACILITIES, THE PROJECT IS ELIGIBLE WHERE THERE IS A  
SUBSTANTIAL INCREASE IN COST FOR PERMANENT STRUCTURES AND/OR NEW  
STAFF.

FINANCING COVERS UP TO 85 PERCENT OF THE COMPANY'S PROJECT EXPENSES,  
MILLION EUROS (ABOUT USD 1.8 MILLION), OR 3 MILLION EUROS IN THE CASE  
OF A CONSORTIUM OF SMES THAT IS IMPLEMENTING THE PROJECT DIRECTLY.  
THE REPAYMENT PERIOD MUST NOT EXCEED SEVEN YEARS FROM THE DATE THE  
LOAN CONTRACT IS SIGNED. COMPANIES THAT HAVE BEEN APPROVED FOR  
FINANCING HAVE 2 YEARS TO MEET THEIR PROPOSAL TARGET AND PAY ONLY  
INTEREST DURING THAT TIME.

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FINANCING IS AVAILABLE ONLY FOR COUNTRIES NOT BELONGING TO THE  
EUROPEAN UNION. GENERALLY, A PROJECT IS PROPOSED FOR ONE ECONOMIC  
REGION AND LIMITED TO 2 COUNTRIES IN THAT REGION. A COMPANY MAY  
RECEIVE FINANCING FOR ONLY ONE PROJECT AT A TIME.

THE INTEREST RATE IS FIXED FOR THE DURATION OF FINANCING AND IS EQUAL  
TO 40 PERCENT OF THE REFERENCE RATE (FOR EXPORT CREDIT TRANSACTIONS

WITH FUNDS RAISED DOMESTICALLY AT VARIABLE RATES) IN FORCE AT THE TIME THE CONTRACT IS SIGNED.

AT THE TIME OF APPLICATION, THE REQUESTING FIRM MUST SUPPLY FINANCIAL STATEMENTS AND RELATIVE DOCUMENTATION FOR THE LAST THREE YEARS ALONG WITH THEIR APPLICATION AND SUMMARY DESCRIPTION OF THE FIRM. IN ADDITION, THE COMPANY MUST SUBMIT A PROJECT REPORT DESCRIBING ITS BUSINESS PLAN, OBJECTIVES, MANNER OF IMPLEMENTATION, TOGETHER WITH BUDGET INFORMATION DESCRIBING ALL FORESEEN EXPENDITURES.

SIMEST ALSO EXPLORES PARTNERSHIP AND INVESTMENT OPPORTUNITIES FOR ITALIAN COMPANIES. UNDER THE BUSINESS SCOUTING PROGRAM, SIMEST REGULARLY MONITORS LOCAL INVESTMENT OPPORTUNITIES AS WELL AS POTENTIAL

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ACTION SSO-00

INFO LOG-00 ANHR-00 EB-00 E-00 TEDE-00 SS-00 TEST-00  
SAS-00 /000W  
-----6431AD 081650Z /38

R 081626Z FEB 02  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 2046  
INFO USDOC WASHDC  
AMCONSUL MILAN  
USEU BRUSSELS 2544

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SUBJECT: JOINT STATE/COMMERCE REQUEST: INVESTIGATION OF POTENTIAL TRADE PROMOTION AND FINANCE BEST PRACTICES

ACQUISITIONS IN SEVERAL COUNTRIES. SIMEST ALSO UNDERTAKES SPECIAL CUSTOMIZED SEARCHES FOR POTENTIAL PARTNERS OR PROJECTS ON BEHALF OF ITALIAN COMPANIES.

C) ORIGINALLY, THERE WAS AN ICE SUBSCRIPTION SERVICE FOR 400.000  
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ITALIAN LIRE (ABOUT USD 200) THAT ENTITLED SUBSCRIBERS TO A 30 PERCENT DISCOUNT ON ALL SERVICES. THERE WAS NO CHARGE FOR REPORTS, STUDIES AND STATISTICS, ONLY FOR ASSISTED SERVICES.

THERE ARE TWO TYPES OF ASSISTED SERVICES: SPECIALIZED AND PERSONALIZED. ALTHOUGH THESE NAMES ARE CONSIDERED AMBIGUOUS AND WILL PROBABLY CHANGE IN THE FUTURE. SPECIALIZED SERVICES ARE DOCUMENTS, STUDIES, AND CONSULTATIONS THAT ARE SOLD AT FIXED PRICES. PERSONALIZED SERVICE PRICES ARE ESTIMATED BASED ON PERSONNEL-HOURS AND COUNTRY.

ICE HAS DEVELOPED A LIST OF CITIES WHERE IT HAS OFFICES, DEFINING THESE CITIES AS BEING IN DEVELOPING, NEWLY INDUSTRIALIZED, AND INDUSTRIALIZED COUNTRIES. WHEN ICE WAS QUESTIONED ON HOW THE CRITERIA FOR THESE CATEGORIES WERE DETERMINED, IT INDICATED THAT THERE WAS NO HARD AND FAST RULE. SOME OF THESE ARE FAIRLY OBVIOUS, BUT OTHERS SEEM RATHER ARBITRARY. MONTREAL AND AMSTERDAM ARE ON THE "NEWLY INDUSTRIALIZED LIST," FOR EXAMPLE. IT SEEMS THAT, BECAUSE THE LISTS ARE USED TO CALCULATE COSTS, COST OF LIVING IS THE BOTTOM LINE. COST PER PERSON/DAY FOR ICE SERVICES IS AS FOLLOWS: IN DEVELOPING COUNTRIES, 260 EUROS (ABOUT 260 USD); IN NEWLY INDUSTRIALIZED COUNTRIES, 300 EUROS (ABOUT 300 USD); AND IN INDUSTRIALIZED COUNTRIES 360 EUROS (ABOUT USD). SERVICES IN COUNTRIES NOT ON THE LIST HAVE THE SAME COST AS THEIR SO-CALLED COUNTRY OF JURISDICTION.

THE DOWNSIDE OF CHARGING FOR PRODUCTS THAT ONCE WERE FREE OF CHARGE, ICE OFFICIALS SAY, IS THE DECREASE IN DEMAND FOR THESE PRODUCTS. HOWEVER, THESE PRODUCTS ARE VIEWED AS A NEW SOURCE OF REVENUE, WHICH, IT IS HOPED, WILL INCREASE OVER TIME. BECAUSE THE PROGRAM IS STILL QUITE NEW, IT IS DIFFICULT TO GAUGE SUCCESS AT THIS TIME.

ICE IS NOT ENGAGED IN SERIOUS COST-RECOVERY (ALTHOUGH IT HAS TAKEN  
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LIMITED STEPS TO CHARGE FEES IN PROPORTION TO COST). COST-RECOVERY IS NOT THE MAJOR CONCERN TO THE GOI THAT IT IS TO THE USG IN SUCH AREAS. IT IS DIFFICULT FOR ICE TO DO A ROBUST COST/BENEFIT ANALYSIS OF ITS SERVICES, FOR LAST YEAR'S PRIVACY LAW ALLOWS IT ACCESS ONLY TO AGGREGATE DATA RATHER THAN TO INFORMATION REGARDING PARTICULAR TRANSACTIONS THAT MIGHT FLOW FROM, FOR EXAMPLE, AN ICE TRADE SHOW.

D) THE ICE PRE-PAID "SERVICE CARD" IS AVAILABLE IN THREE CATEGORIES AND IS VALID FOR ONE YEAR FROM THE DATE OF ISSUE. EACH LEVEL IS WORTH

A CERTAIN NUMBER OF POINTS THAT CAN BE USED TO PURCHASE ON-LINE SERVICES (TRADE LEADS, INFORMATION ON TENDERS, PURCHASE OF STUDIES, DOCUMENTS, AND STATISTICS) AND OFFERS DISCOUNTS ON PERSONALIZED SERVICES AT ANY OF THE ICE OFFICES THROUGHOUT THE WORLD. THE BASIC LEVEL IS WORTH 250 POINTS, OFFERS A 10 PERCENT DISCOUNT, AND COSTS 13 EUROS (ABOUT USD 125). SUPER IS WORTH 500 POINTS, OFFERS A 15 PERCENT DISCOUNT, AND COSTS 230 EUROS (ABOUT USD 220). GLOBAL IS WORTH 1000 POINTS, OFFERS A 25 PERCENT DISCOUNT, AND COSTS 400 EUROS (ABOUT USD 380).

CARDS CAN BE OBTAINED ONLINE USING A CREDIT CARD OR BY MAILING OR FAXING THE REQUEST FORM TO ICE'S OFFICE. CUSTOMERS CAN PURCHASE DOCUMENTS AND REPORTS ONLINE OR MAY REQUEST BOUND COPIES OF THESE MATERIALS FROM ICE FOR A HIGHER PRICE. THE PROGRAM IS STILL NEW (INITIATED IN OCTOBER 2001), BUT IT SEEMS THAT FORMER SUBSCRIPTION HOLDERS ARE BUYING THE CARDS. ICE WILL HAVE A BETTER IDEA IN THE FUTURE AS TO WHETHER THE NEW PROGRAM HAS DRAWN NEW CUSTOMERS.

(ORIGIN: FCS ROME/ECOLOMBO/BMCCLEARY)  
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